



General Assembly

**Substitute Bill No. 5474**

February Session, 2012

\* \_\_\_\_HB05474ET\_\_\_\_032812\_\_\_\_ \*

**AN ACT CONCERNING THE AUTONOMY OF THE PUBLIC UTILITIES  
REGULATORY AUTHORITY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 16-2 of the 2012 supplement to  
2 the general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective July 1, 2012*):

4 (a) There shall continue to be a Public Utilities Regulatory Authority  
5 within the Department of Energy and Environmental Protection for  
6 administrative purposes only, which shall consist of three electors of  
7 this state, appointed by the Governor with the advice and consent of  
8 both houses of the General Assembly. Not more than two members of  
9 said authority in office at any one time shall be members of any one  
10 political party. On or before July 1, 2011, the Governor shall appoint  
11 three members to the authority. The first director appointed by the  
12 Governor on or before July 1, 2011, who is of the same political party  
13 as that of the Governor shall serve a term of five years. The second  
14 director appointed by the Governor on or before July 1, 2011, who is of  
15 the same political party as that of the Governor shall serve a term of  
16 four years. The first director appointed by the Governor on or before  
17 July 1, 2011, who is of a different political party as that of the Governor  
18 shall serve a term of three years. Any director appointed on or after  
19 January 1, 2014, shall serve a term of four years. The procedure

20 prescribed by section 4-7 shall apply to such appointments, except that  
21 the Governor shall submit each nomination on or before May first, and  
22 both houses shall confirm or reject it before adjournment sine die. The  
23 directors shall be sworn to the faithful performance of their duties. The  
24 term of any commissioner serving on June 30, 2011, shall be  
25 terminated.

26 Sec. 2. Subsection (f) of section 16-2 of the 2012 supplement to the  
27 general statutes is repealed and the following is substituted in lieu  
28 thereof (*Effective July 1, 2012*):

29 (f) The chairperson of the authority [, with the approval of the  
30 Commissioner of Energy and Environmental Protection,] shall  
31 prescribe the duties of the staff assigned to the authority in order to (1)  
32 conduct comprehensive planning with respect to the functions of the  
33 authority; (2) coordinate the activities of the authority; (3) cause the  
34 administrative organization of the authority to be examined with a  
35 view to promoting economy and efficiency; (4) organize the authority  
36 into such divisions, bureaus or other units as necessary for the efficient  
37 conduct of the business of the authority; [and may from time to time  
38 make recommendations to the commissioner regarding staff and  
39 resources;] (5) for any proceeding on a proposed rate amendment in  
40 which staff of the authority are to be made a party pursuant to section  
41 16-19j, determine which staff shall appear and participate in the  
42 proceedings and which shall serve the members of the authority; (6)  
43 enter into such contractual agreements, in accordance with established  
44 procedures, as may be necessary for the discharge of the authority's  
45 duties; (7) subject to the provisions of section 4-32, and unless  
46 otherwise provided by law, receive any money, revenue or services  
47 from the federal government, corporations, associations or individuals,  
48 including payments from the sale of printed matter or any other  
49 material or services; and (8) require the staff of the authority to have  
50 expertise in public utility engineering and accounting, finance,  
51 economics, computers and rate design.

52 Sec. 3. Section 4-67e of the 2012 supplement to the general statutes is

53 repealed and the following is substituted in lieu thereof (*Effective July*  
54 *1, 2012*):

55 The Secretary of the Office of Policy and Management shall  
56 coordinate the activity of the Commissioner of Public Health, [and] the  
57 Commissioner of Energy and Environmental Protection and the  
58 chairperson of the Public Utilities Regulatory Authority in the  
59 following: (1) The review of the authority of each agency for  
60 consistency with the policies established by section 22a-380, (2) the  
61 preparation of a memorandum of understanding, not more than six  
62 months after October 1, 1991, intended to avoid inconsistency, overlap  
63 and redundancy in requirements and authority of each agency in  
64 water conservation issues, emergency contingency plans and  
65 regulatory authority under chapters 283, 446i, 446j and 474, (3) the  
66 review of exercise of regulatory authority over water companies, as  
67 defined in section 25-32a, to determine whether inconsistency, overlap  
68 or redundancy exist in the statutory requirements or regulatory  
69 authority of such agencies under chapters 283, 446i, 446j, and 474, (4)  
70 the assessment of the necessity of a memorandum of understanding to  
71 avoid such inconsistency, overlap or redundancy, and, if determined  
72 to be necessary, the preparation of such a memorandum by July 1,  
73 1995, and (5) the development of recommendations for legislation and  
74 amendments to regulations to implement the provisions of a  
75 memorandum of understanding prepared pursuant to this section, or  
76 for consistency with the policies established by section 22a-380. There  
77 shall be a period of public review and comment on a memorandum of  
78 understanding prior to final agreement. On or before January 1, 1995,  
79 the secretary shall submit to the joint standing committees of the  
80 General Assembly having cognizance of matters relating to public  
81 health, energy and public utilities and the environment, written  
82 findings, and any recommendations, concerning the review and  
83 assessment conducted pursuant to subdivisions (3) and (4) of this  
84 section.

85 Sec. 4. Section 16-6b of the 2012 supplement to the general statutes is  
86 repealed and the following is substituted in lieu thereof (*Effective July*

87 1, 2012):

88 The Public Utilities Regulatory Authority [, in consultation with the  
89 Department of Energy and Environmental Protection,] may, in  
90 accordance with chapter 54, adopt such regulations with respect to (1)  
91 rates and charges, services, accounting practices, safety and the  
92 conduct of operations generally of public service companies subject to  
93 its jurisdiction as it deems reasonable and necessary, [ The department  
94 in consultation with the authority may, in accordance with chapter 54,  
95 adopt such regulations with respect to] and (2) services, accounting  
96 practices, safety and the conduct of operations generally of electric  
97 suppliers subject to its jurisdiction as it deems reasonable and  
98 necessary. After consultation with the Secretary of the Office of Policy  
99 and Management, the [department] authority may also adopt  
100 regulations, in accordance with chapter 54, establishing standards for  
101 systems utilizing cogeneration technology and renewable fuel  
102 resources.

103 Sec. 5. Section 16-7 of the 2012 supplement to the general statutes is  
104 repealed and the following is substituted in lieu thereof (*Effective July*  
105 *1, 2012*):

106 The directors and any employees of [the department assigned to]  
107 the Public Utilities Regulatory Authority while engaged in the  
108 performance of their duties may, at all reasonable times, enter any  
109 premises, buildings, cars or other places belonging to or controlled by  
110 any public service company or electric supplier, and any person  
111 obstructing or in any way causing to be obstructed or hindered any  
112 member or employee of the [department] authority in the performance  
113 of his or her duties shall be fined not more than two hundred dollars  
114 or imprisoned not more than six months, or both.

115 Sec. 6. Subsection (c) of section 16-245m of the 2012 supplement to  
116 the general statutes is repealed and the following is substituted in lieu  
117 thereof (*Effective July 1, 2012*):

118 (c) The [Commissioner of Energy and Environmental Protection]

119 Public Utilities Regulatory Authority shall appoint and convene an  
 120 Energy Conservation Management Board which shall include  
 121 representatives of: (1) An environmental group knowledgeable in  
 122 energy conservation program collaboratives; (2) [a representative of]  
 123 the Office of Consumer Counsel; (3) the Attorney General; (4) the  
 124 electric distribution companies in whose territories the activities take  
 125 place for such programs; (5) a state-wide manufacturing association;  
 126 (6) a chamber of commerce; (7) a state-wide business association; (8) a  
 127 state-wide retail organization; (9) [a representative of] a municipal  
 128 electric energy cooperative created pursuant to chapter 101a; (10) [two  
 129 representatives selected by the] gas companies in this state; [and] (11)  
 130 residential customers; and (12) the Commissioner of Energy and  
 131 Environmental Protection. [Such members] The board shall include  
 132 two representatives of gas companies who shall be appointed from  
 133 persons selected by the gas companies. Members of the board shall  
 134 serve for a period of five years and may be reappointed.  
 135 Representatives of gas companies, electric distribution companies and  
 136 the municipal electric energy cooperative shall be nonvoting members  
 137 of the board. [The commissioner shall serve as the chairperson of the  
 138 board.] The board shall elect a chairperson from its members.

139 Sec. 7. Subsection (d) of section 16-245m of the 2012 supplement to  
 140 the general statutes is repealed and the following is substituted in lieu  
 141 thereof (*Effective July 1, 2012*):

142 (d) (1) The Energy Conservation Management Board shall advise  
 143 and assist the electric distribution companies in the development and  
 144 implementation of a comprehensive plan, which plan shall be  
 145 approved by the [Department of Energy and Environmental  
 146 Protection] Public Utilities Regulatory Authority, to implement cost-  
 147 effective energy conservation programs and market transformation  
 148 initiatives. Such plan shall include steps that would be needed to  
 149 achieve the goal of weatherization of eighty per cent of the state's  
 150 residential units by 2030. Each program contained in the plan shall be  
 151 reviewed by the electric distribution company and either accepted or  
 152 rejected by the Energy Conservation Management Board prior to

153 submission to the [department] authority for approval. The Energy  
154 Conservation Management Board shall, as part of its review, examine  
155 opportunities to offer joint programs providing similar efficiency  
156 measures that save more than one fuel resource or otherwise to  
157 coordinate programs targeted at saving more than one fuel resource.  
158 Any costs for joint programs shall be allocated equitably among the  
159 conservation programs. The Energy Conservation Management Board  
160 shall give preference to projects that maximize the reduction of  
161 federally mandated congestion charges. The [Department of Energy  
162 and Environmental Protection] authority shall, in an uncontested  
163 proceeding during which the [department may] authority shall hold a  
164 public hearing, approve, modify or reject the comprehensive plan  
165 prepared pursuant to this subsection. The decision of the authority to  
166 approve, modify or reject said plan shall not be subject to appeal.

167 (2) There shall be a joint committee of the Energy Conservation  
168 Management Board and the board of directors of the Clean Energy  
169 Finance and Investment Authority. The board and the advisory  
170 committee shall each appoint members to such joint committee. The  
171 joint committee shall examine opportunities to coordinate the  
172 programs and activities funded by the Clean Energy Fund pursuant to  
173 section 16-245n with the programs and activities contained in the plan  
174 developed under this subsection to reduce the long-term cost,  
175 environmental impacts and security risks of energy in the state. Such  
176 joint committee shall hold its first meeting on or before August 1, 2005.

177 (3) Programs included in the plan developed under subdivision (1)  
178 of this subsection shall be screened through cost-effectiveness testing  
179 that compares the value and payback period of program benefits to  
180 program costs to ensure that programs are designed to obtain energy  
181 savings and system benefits, including mitigation of federally  
182 mandated congestion charges, whose value is greater than the costs of  
183 the programs. Program cost-effectiveness shall be reviewed annually,  
184 or otherwise as is practicable, and shall incorporate the results of the  
185 evaluation process set forth in subdivision (4) of this subsection. If a  
186 program is determined to fail the cost-effectiveness test as part of the

187 review process, it shall either be modified to meet the test or shall be  
188 terminated. On or before March 1, 2005, and on or before March first  
189 annually thereafter, the board shall provide a report, in accordance  
190 with the provisions of section 11-4a, to the joint standing committees of  
191 the General Assembly having cognizance of matters relating to energy  
192 and the environment that documents (A) expenditures and fund  
193 balances and evaluates the cost-effectiveness of such programs  
194 conducted in the preceding year, and (B) the extent to and manner in  
195 which the programs of such board collaborated and cooperated with  
196 programs, established under section 7-233y, of municipal electric  
197 energy cooperatives. To maximize the reduction of federally mandated  
198 congestion charges, programs in the plan may allow for  
199 disproportionate allocations between the amount of contributions to  
200 the Energy Conservation and Load Management Funds by a certain  
201 rate class and the programs that benefit such a rate class. Before  
202 conducting such evaluation, the board shall consult with the board of  
203 directors of the Clean Energy Finance and Investment Authority. The  
204 report shall include a description of the activities undertaken during  
205 the reporting period jointly or in collaboration with the Clean Energy  
206 Fund established pursuant to subsection (c) of section 16-245n.

207 (4) The [Department of Energy and Environmental Protection]  
208 Public Utilities Regulatory Authority shall adopt an independent,  
209 comprehensive program evaluation, measurement and verification  
210 process to ensure the Energy Conservation Management Board's  
211 programs are administered appropriately and efficiently, comply with  
212 statutory requirements, programs and measures are cost effective,  
213 evaluation reports are accurate and issued in a timely manner,  
214 evaluation results are appropriately and accurately taken into account  
215 in program development and implementation, and information  
216 necessary to meet any third-party evaluation requirements is  
217 provided. An annual schedule and budget for evaluations as  
218 determined by the board shall be included in the plan filed with the  
219 [department] authority pursuant to subdivision (1) of this subsection.  
220 The electric distribution and gas company representatives and the

221 representative of a municipal electric energy cooperative may not vote  
222 on board plans, budgets, recommendations, actions or decisions  
223 regarding such process or its program evaluations and their  
224 implementation. Program and measure evaluation, measurement and  
225 verification shall be conducted on an ongoing basis, with emphasis on  
226 impact and process evaluations, programs or measures that have not  
227 been studied, and those that account for a relatively high percentage of  
228 program spending. Evaluations shall use statistically valid monitoring  
229 and data collection techniques appropriate for the programs or  
230 measures being evaluated. All evaluations shall contain a description  
231 of any problems encountered in the process of the evaluation,  
232 including, but not limited to, data collection issues, and  
233 recommendations regarding addressing those problems in future  
234 evaluations. The board shall contract with one or more consultants not  
235 affiliated with the board members to act as an evaluation  
236 administrator, advising the board regarding development of a  
237 schedule and plans for evaluations and overseeing the program  
238 evaluation, measurement and verification process on behalf of the  
239 board. Consistent with board processes and approvals and  
240 [department] authority decisions regarding evaluation, such  
241 evaluation administrator shall implement the evaluation process by  
242 preparing requests for proposals and selecting evaluation contractors  
243 to perform program and measure evaluations and by facilitating  
244 communications between evaluation contractors and program  
245 administrators to ensure accurate and independent evaluations. In the  
246 evaluation administrator's discretion and at his or her request, the  
247 electric distribution and gas companies shall communicate with the  
248 evaluation administrator for purposes of data collection, vendor  
249 contract administration, and providing necessary factual information  
250 during the course of evaluations. The evaluation administrator shall  
251 bring unresolved administrative issues or problems that arise during  
252 the course of an evaluation to the board for resolution, but shall have  
253 sole authority regarding substantive and implementation decisions  
254 regarding any evaluation. Board members, including electric  
255 distribution and gas company representatives, may not communicate



256 with an evaluation contractor about an ongoing evaluation except with  
257 the express permission of the evaluation administrator, which may  
258 only be granted if the administrator believes the communication will  
259 not compromise the independence of the evaluation. The evaluation  
260 administrator shall file evaluation reports with the board and with the  
261 [department] authority in its most recent uncontested proceeding  
262 pursuant to subdivision (1) of this subsection and the board shall post  
263 a copy of each report on its Internet web site. The board and its  
264 members, including electric distribution and gas company  
265 representatives, may file written comments regarding any evaluation  
266 with the [department] authority or for posting on the board's Internet  
267 web site. Within fourteen days of the filing of any evaluation report,  
268 the [department] authority, members of the board or other interested  
269 persons may request in writing, and the [department] authority shall  
270 conduct, a transcribed technical meeting to review the methodology,  
271 results and recommendations of any evaluation. Participants in any  
272 such transcribed technical meeting shall include the evaluation  
273 administrator, the evaluation contractor and the Office of Consumer  
274 Counsel at its discretion. On or before November 1, 2011, and annually  
275 thereafter, the board shall report to the joint standing committee of the  
276 General Assembly having cognizance of matters relating to energy,  
277 with the results and recommendations of completed program  
278 evaluations.

279 (5) Programs included in the plan developed under subdivision (1)  
280 of this subsection may include, but not be limited to: (A) Conservation  
281 and load management programs, including programs that benefit low-  
282 income individuals; (B) research, development and commercialization  
283 of products or processes which are more energy-efficient than those  
284 generally available; (C) development of markets for such products and  
285 processes; (D) support for energy use assessment, real-time monitoring  
286 systems, engineering studies and services related to new construction  
287 or major building renovation; (E) the design, manufacture,  
288 commercialization and purchase of energy-efficient appliances and  
289 heating, air conditioning and lighting devices; (F) program planning

290 and evaluation; (G) indoor air quality programs relating to energy  
291 conservation; (H) joint fuel conservation initiatives programs targeted  
292 at reducing consumption of more than one fuel resource; (I) public  
293 education regarding conservation; and (J) demand-side technology  
294 programs recommended by the integrated resources plan approved by  
295 the Department of Energy and Environmental Protection pursuant to  
296 section 16a-3a, as amended by this act. The board shall periodically  
297 review contractors to determine whether they are qualified to conduct  
298 work related to such programs. Such support may be by direct  
299 funding, manufacturers' rebates, sale price and loan subsidies, leases  
300 and promotional and educational activities. The plan shall also provide  
301 for expenditures by the Energy Conservation Management Board for  
302 the retention of expert consultants and reasonable administrative costs  
303 provided such consultants shall not be employed by, or have any  
304 contractual relationship with, an electric distribution company. Such  
305 costs shall not exceed five per cent of the total revenue collected from  
306 the assessment.

307 Sec. 8. Subsection (i) of section 16-244c of the 2012 supplement to the  
308 general statutes is repealed and the following is substituted in lieu  
309 thereof (*Effective July 1, 2012*):

310 (i) The [Department of Energy and Environmental Protection]  
311 Public Utilities Regulatory Authority shall establish, by regulations  
312 adopted pursuant to chapter 54, procedures for when and how a  
313 customer is notified that his electric supplier has defaulted and of the  
314 need for the customer to choose a new electric supplier within a  
315 reasonable period of time.

316 Sec. 9. Subsection (l) of section 16-244c of the 2012 supplement to the  
317 general statutes is repealed and the following is substituted in lieu  
318 thereof (*Effective July 1, 2012*):

319 (l) Each electric distribution company shall offer to bill customers on  
320 behalf of participating electric suppliers and to pay such suppliers in a  
321 timely manner the amounts due such suppliers from customers for

322 generation services, less a percentage of such amounts that reflects  
323 uncollectible bills and overdue payments as approved by the  
324 [Department of Energy and Environmental Protection] Public Utilities  
325 Regulatory Authority.

326 Sec. 10. Subsection (a) of section 16-245d of the 2012 supplement to  
327 the general statutes is repealed and the following is substituted in lieu  
328 thereof (*Effective July 1, 2012*):

329 (a) The [Department of Energy and Environmental Protection]  
330 Public Utilities Regulatory Authority shall, by regulations adopted  
331 pursuant to chapter 54, develop a standard billing format that enables  
332 customers to compare pricing policies and charges among electric  
333 suppliers. The [department] authority shall adopt regulations, in  
334 accordance with the provisions of chapter 54, to provide that an  
335 electric supplier, until July 1, 2012, may provide direct billing and  
336 collection services for electric generation services and related federally  
337 mandated congestion charges that such supplier provides to its  
338 customers with a maximum demand of not less than one hundred  
339 kilowatts that choose to receive a bill directly from such supplier and,  
340 on and after July 1, 2012, shall provide direct billing and collection  
341 services for electric generation services and related federally mandated  
342 congestion charges that such suppliers provide to their customers or  
343 may choose to obtain such billing and collection service through an  
344 electric distribution company and pay its pro rata share in accordance  
345 with the provisions of subsection (h) of section 16-244c. Any customer  
346 of an electric supplier, which is choosing to provide direct billing, who  
347 paid for the cost of billing and other services to an electric distribution  
348 company shall receive a credit on their monthly bill.

349 (1) An electric supplier that chooses to provide billing and collection  
350 services shall, in accordance with the billing format developed by the  
351 [department] authority, include the following information in each  
352 customer's bill: (A) The total amount owed by the customer, which  
353 shall be itemized to show (i) the electric generation services component  
354 and any additional charges imposed by the electric supplier, and (ii)

355 federally mandated congestion charges applicable to the generation  
356 services; (B) any unpaid amounts from previous bills, which shall be  
357 listed separately from current charges; (C) the rate and usage for the  
358 current month and each of the previous twelve months in bar graph  
359 form or other visual format; (D) the payment due date; (E) the interest  
360 rate applicable to any unpaid amount; (F) the toll-free telephone  
361 number of the Public Utilities Regulatory Authority for questions or  
362 complaints; and (G) the toll-free telephone number and address of the  
363 electric supplier. On or before February 1, 2012, the authority shall  
364 conduct a review of the costs and benefits of suppliers billing for all  
365 components of electric service, and report, in accordance with the  
366 provisions of section 11-4a, to the joint standing committee of the  
367 General Assembly having cognizance of matters relating to energy  
368 regarding the results of such review.

369 (2) An electric distribution company shall, in accordance with the  
370 billing format developed by the authority, include the following  
371 information in each customer's bill: (A) The total amount owed by the  
372 customer, which shall be itemized to show, (i) the electric generation  
373 services component if the customer obtains standard service or last  
374 resort service from the electric distribution company, (ii) the  
375 distribution charge, including all applicable taxes and the systems  
376 benefits charge, as provided in section 16-245l, (iii) the transmission  
377 rate as adjusted pursuant to subsection (d) of section 16-19b, (iv) the  
378 competitive transition assessment, as provided in section 16-245g, (v)  
379 federally mandated congestion charges, and (vi) the conservation and  
380 renewable energy charge, consisting of the conservation and load  
381 management program charge, as provided in section 16-245m, as  
382 amended by this act, and the renewable energy investment charge, as  
383 provided in section 16-245n; (B) any unpaid amounts from previous  
384 bills which shall be listed separately from current charges; (C) except  
385 for customers subject to a demand charge, the rate and usage for the  
386 current month and each of the previous twelve months in the form of a  
387 bar graph or other visual form; (D) the payment due date; (E) the  
388 interest rate applicable to any unpaid amount; (F) the toll-free

389 telephone number of the electric distribution company to report power  
390 losses; (G) the toll-free telephone number of the Public Utilities  
391 Regulatory Authority for questions or complaints; and (H) if a  
392 customer has a demand of five hundred kilowatts or less during the  
393 preceding twelve months, a statement about the availability of  
394 information concerning electric suppliers pursuant to section 16-245p.

395 Sec. 11. Subsection (a) of section 16-41 of the general statutes is  
396 repealed and the following is substituted in lieu thereof (*Effective July*  
397 *1, 2012*):

398 (a) Each (1) public service company and its officers, agents and  
399 employees, (2) electric supplier or person providing electric generation  
400 services without a license in violation of section 16-245, and its officers,  
401 agents and employees, (3) certified telecommunications provider or  
402 person providing telecommunications services without authorization  
403 pursuant to sections 16-247f to 16-247h, inclusive, and its officers,  
404 agents and employees, (4) person, public agency or public utility, as  
405 such terms are defined in section 16-345, subject to the requirements of  
406 chapter 293, (5) person subject to the registration requirements under  
407 section 16-258a, (6) cellular mobile telephone carrier, as described in  
408 section 16-250b, (7) Connecticut electric efficiency partner, as defined  
409 in section 16-243v, [and] (8) company, as defined in section 16-49, (9)  
410 person who owns, operates or constructs a facility, as defined in  
411 section 16-50i, and (10) person who is engaged in the submetering of  
412 electricity or the billing thereof, shall obey, observe and comply with  
413 all applicable provisions of this title and each applicable order made or  
414 applicable regulations adopted by the Public Utilities Regulatory  
415 Authority and the Connecticut Siting Council, as applicable, by virtue  
416 of this title as long as the same remains in force. Any such company,  
417 electric supplier, certified telecommunications provider, cellular  
418 mobile telephone carrier, Connecticut electric efficiency partner,  
419 person, any officer, agent or employee thereof, public agency or public  
420 utility which the authority finds has failed to obey or comply with any  
421 such provision of this title, order or regulation shall be fined by order  
422 of the authority in accordance with the penalty prescribed for the

423 violated provision of this title or, if no penalty is prescribed, not more  
424 than ten thousand dollars for each offense, except that the penalty shall  
425 be a fine of not more than forty thousand dollars for failure to comply  
426 with an order of the authority made in accordance with the provisions  
427 of section 16-19 or 16-247k or within thirty days of such order or  
428 within any specific time period for compliance specified in such order.  
429 Each distinct violation of any such provision of this title, order or  
430 regulation shall be a separate offense and, in case of a continued  
431 violation, each day thereof shall be deemed a separate offense. Each  
432 such penalty and any interest charged pursuant to subsection (g) or (h)  
433 of section 16-49 shall be excluded from operating expenses for  
434 purposes of rate-making.

435       Sec. 12. Subdivision (3) of subsection (c) of section 16-244c of the  
436 2012 supplement to the general statutes is repealed and the following  
437 is substituted in lieu thereof (*Effective July 1, 2012*):

438       (3) An electric distribution company providing electric generation  
439 services pursuant to this subsection shall cooperate with the  
440 procurement manager of the [Department of Energy and  
441 Environmental Protection] Public Utilities Regulatory Authority and  
442 comply with the procurement plan for electric generation services  
443 contracts. Such plan shall require that the portfolio of service contracts  
444 be procured in such manner and duration as the authority determines  
445 to be most likely to produce just, reasonable and reasonably stable  
446 retail rates while reflecting underlying wholesale market prices over  
447 time. The portfolio of contracts shall be assembled in such manner as  
448 to invite competition; guard against favoritism, improvidence,  
449 extravagance, fraud and corruption; and secure a reliable electricity  
450 supply while avoiding unusual, anomalous or excessive pricing. An  
451 affiliate of an electric distribution company may bid for an electric  
452 generation services contract, provided such electric distribution  
453 company and affiliate are in compliance with the code of conduct  
454 established in section 16-244h.

455       Sec. 13. Subsection (a) of section 16-244m of the 2012 supplement to

456 the general statutes is repealed and the following is substituted in lieu  
457 thereof (*Effective July 1, 2012*):

458 (a) On or before January 1, 2012, and annually thereafter, the  
459 procurement manager of the [Department of Energy and  
460 Environmental Protection] Public Utilities Regulatory Authority, in  
461 consultation with each electric distribution company and with others  
462 at the procurement manager's discretion, including, but not limited to,  
463 a municipal energy cooperative established pursuant to chapter 101a,  
464 other than entities, individuals and companies or their affiliates  
465 potentially involved in bidding on standard service, shall develop a  
466 plan for the procurement of electric generation services and related  
467 wholesale electricity market products that will enable each electric  
468 distribution company to manage a portfolio of contracts to reduce the  
469 average cost of standard service while maintaining standard service  
470 cost volatility within reasonable levels. Each procurement plan shall  
471 provide for the competitive solicitation for load-following electric  
472 service and may include a provision for the use of other contracts,  
473 including, but not limited to, contracts for generation or other  
474 electricity market products and financial contracts, and may provide  
475 for the use of varying lengths of contracts. If such plan includes the  
476 purchase of full requirements contracts, it shall include an explanation  
477 of why such purchases are in the best interests of standard service  
478 customers.

479 Sec. 14. (*Effective from passage*) The Public Utilities Regulatory  
480 Authority shall initiate a docket to review the regulation of the state's  
481 propane industry. On or before January 1, 2013, the authority shall  
482 report, in accordance with the provisions of section 11-4a of the general  
483 statutes, the findings of such docket to the joint standing committee of  
484 the General Assembly having cognizance of matters relating to energy  
485 and technology.

486 Sec. 15. (*Effective from passage*) The Public Utilities Regulatory  
487 Authority shall initiate a docket to review the sufficiency of natural gas  
488 lines in the state to supply natural gas for consumers to operate

489 generators. The authority shall report, in accordance with the  
490 provisions of section 11-4a of the general statutes, the findings of such  
491 docket to the joint standing committee of the General Assembly having  
492 cognizance of matters relating to energy on or before February 1, 2013.

493 Sec. 16. Section 16-244u of the 2012 supplement to the general  
494 statutes is repealed and the following is substituted in lieu thereof  
495 (*Effective July 1, 2012*):

496 (a) As used in this section:

497 (1) "Beneficial account" means an in-state [retail] end user of an  
498 electric distribution company designated by a customer host in such  
499 electric distribution company's service area to receive virtual net  
500 metering credits from a virtual net metering facility;

501 (2) "Customer host" means an in-state [retail] end user of an electric  
502 distribution company that (A) owns or leases a virtual net metering  
503 facility or enters into a purchase power agreement with the owner of a  
504 virtual net metering facility, and (B) participates in virtual net  
505 metering;

506 (3) "Unassigned virtual net metering credit" means in any given  
507 electric distribution company monthly billing period, a virtual net  
508 metering credit that remains after both the customer host and its  
509 beneficial accounts have been billed for zero kilowatt hours related  
510 solely to the generation service charges on such billings through  
511 virtual net metering;

512 (4) "Virtual net metering" means the process of combining the  
513 electric meter readings and billings, including any virtual net metering  
514 credits, for a customer host and a beneficial account through an electric  
515 distribution company billing process related solely to the generation  
516 service charges on such billings;

517 (5) "Virtual net metering credit" means a credit equal to the retail  
518 cost per kilowatt hour the customer host may have otherwise been



519 charged for each kilowatt hour produced by a virtual net metering  
520 facility that exceeds the total amount of kilowatt hours used during an  
521 electric distribution company monthly billing period; and

522 (6) "Virtual net metering facility" means a Class I renewable energy  
523 source that: (A) Is [served by an] connected to the electric distribution  
524 [company] system; (B) (i) is owned or leased by a customer host or is  
525 the subject of a purchase power agreement between the owner of such  
526 Class I renewable energy source and a customer host, and (ii) serves  
527 the electricity needs of the customer host and its beneficial accounts;  
528 [(B)] (C) is within the same electric distribution company service  
529 territory as the customer host and its beneficial accounts; and [(C)] (D)  
530 has a nameplate capacity rating of two megawatts or less.

531 (b) Each electric distribution company shall provide virtual net  
532 metering to its municipal customers and shall make any necessary  
533 interconnections for a virtual net metering facility. Upon request by a  
534 municipal customer host to implement the provisions of this section,  
535 an electric distribution company shall install metering equipment, if  
536 necessary. For each municipal customer host, such metering  
537 equipment shall (1) measure electricity consumed from the electric  
538 distribution company's facilities; (2) deduct the amount of electricity  
539 produced but not consumed; and (3) register, for each monthly billing  
540 period, the net amount of electricity produced and, if applicable,  
541 consumed. If, in a given monthly billing period, a municipal customer  
542 host supplies more electricity to the electric distribution system than  
543 the electric distribution company delivers to the municipal customer  
544 host, the electric distribution company shall bill the municipal  
545 customer host for zero kilowatt hours of generation and assign a  
546 virtual net metering credit to the municipal customer host's beneficial  
547 accounts for the next monthly billing period. Such credit shall be  
548 applied against the generation service component of the beneficial  
549 account. Such credit shall be allocated among such accounts in  
550 proportion to their consumption for the previous twelve billing  
551 periods.

552 (c) An electric distribution company shall carry forward any  
553 unassigned virtual net metering generation credits earned by the  
554 municipal customer host from one monthly billing period to the next  
555 until the end of the calendar year. At the end of each calendar year, the  
556 electric distribution company shall compensate the municipal  
557 customer host for any unassigned virtual net metering generation  
558 credits at the rate the electric distribution company pays for power  
559 procured to supply standard service customers pursuant to section 16-  
560 244c, as amended by this act.

561 (d) At least sixty days before a municipal customer host's virtual net  
562 metering facility becomes operational, the municipal customer host  
563 shall provide written notice to the electric distribution company of its  
564 beneficial accounts. The municipal customer host may change its list of  
565 beneficial accounts not more than once annually by providing another  
566 sixty days' written notice. The municipal customer host shall not  
567 designate more than five beneficial accounts.

568 (e) On or before February 1, 2012, the Department of Energy and  
569 Environmental Protection shall conduct a proceeding to develop the  
570 administrative processes and program specifications, including, but  
571 not limited to, a cap of one million dollars per year apportioned to  
572 each electric distribution company based on consumer load for credits  
573 provided to beneficial accounts pursuant to subsection (c) of this  
574 section and payments made pursuant to subsection (d) of this section.

575 (f) On or before January 1, 2013, and annually thereafter, each  
576 electric distribution company shall report to the department on the  
577 cost of its virtual net metering program pursuant to this section and  
578 the department shall combine such information and report it annually,  
579 in accordance with the provisions of section 11-4a, to the joint standing  
580 committee of the General Assembly having cognizance of matters  
581 relating to energy.

582 Sec. 17. (NEW) (*Effective October 1, 2012*) (a) There is established a  
583 Division of Enforcement within the Public Utilities Regulatory

584 Authority that shall review and investigate any potential violations of  
585 title 16 of the general statutes or orders made and regulations adopted  
586 by the authority or the Connecticut Siting Council pursuant to said  
587 title, including noncompliance with any order or decision issued by  
588 the authority for any docket.

589 (b) The division may, as it deems necessary, conduct investigations  
590 if said authority believes that any (1) public service company or its  
591 officers, agents or employees, (2) electric supplier or person providing  
592 electric generation services without a license in violation of section 16-  
593 245 of the general statutes or its officers, agents or employees, (3)  
594 certified telecommunications provider or person providing  
595 telecommunications services without authorization pursuant to  
596 sections 16-247 to 16-247f, inclusive, of the general statutes or its  
597 officers, agents or employees, (4) person, public agency or public  
598 utility, as such terms are defined in section 16-345 of the general  
599 statutes, subject to the requirements of chapter 293 of the general  
600 statutes, (5) person subject to the registration requirements under  
601 section 16-258a of the general statutes, (6) cellular mobile telephone  
602 carrier, as described in section 16-250b of the general statutes, (7)  
603 Connecticut electric efficiency partner, as defined in section 16-243v of  
604 the general statutes, (8) company, as defined in section 16-49 of the  
605 general statutes, or (9) person who owns, operates or constructs a  
606 facility, as defined in section 16-50i of the general statutes, has violated  
607 any provision of title 16 of the general statutes or any order made or  
608 regulation adopted by the authority or the council pursuant to said  
609 title, including noncompliance with any order or decision issued by  
610 the authority for any docket. The authority may conduct a hearing in  
611 aid of any investigation conducted pursuant to this section. Such  
612 hearing shall be considered a contested case. The division, pursuant to  
613 any such investigation or hearing, may administer oaths and take  
614 testimony, cause depositions to be taken, order production of books,  
615 papers and documents and issue subpoenas. If any person or entity  
616 disobeys such process or, having appeared in obedience thereto,  
617 refuses to answer any pertinent question put to such person or entity

618 by the division or to produce any books, papers or documents  
619 pursuant thereto, the authority may apply to the Superior Court,  
620 setting forth such disobedience to process or refusal to answer and the  
621 court shall cite such person or entity to appear before the court to  
622 answer each such question or to produce such books, papers or  
623 documents and, upon the refusal of such person or entity so to do, the  
624 court may make such order as may be appropriate to aid in the  
625 enforcement of this section.

626 (c) If the division determines, after such investigation or hearing,  
627 that such person or entity has violated any provision of title 16 of the  
628 general statutes or any order made or regulation adopted by the  
629 authority or the council pursuant to said title, or has failed to comply  
630 with any order or decision issued by the authority for any docket, the  
631 division may recommend that the authority assess a civil penalty  
632 against such person or entity pursuant to section 16-41 of the general  
633 statutes, as amended by this act, or issue any order to ensure  
634 compliance.

635 (d) Not later than one year after the authority or council issues any  
636 order or decision for any docket, or after the construction of any  
637 facility constructed pursuant to a certificate issued by the council is  
638 completed, and annually thereafter, the division shall review such  
639 order, decision or facility to determine whether there has been  
640 compliance with such order, decision or certificate. If the division  
641 determines, pursuant to such review, that any person or entity has  
642 failed to comply with such order, decision or certificate it may (1)  
643 commence an investigation of such noncompliance, pursuant to this  
644 section, or (2) recommend that the authority assess a civil penalty  
645 against such person or entity pursuant to section 16-41 of the general  
646 statutes, as amended by this act.

647 Sec. 18. Subsection (d) of section 16a-3a of the 2012 supplement to  
648 the general statutes is repealed and the following is substituted in lieu  
649 thereof (*Effective from passage*):

650 (d) The integrated resources plan shall consider: (1) Approaches to  
651 maximizing the impact of demand-side measures; (2) the extent to  
652 which generation needs can be met by renewable and combined heat  
653 and power facilities; (3) the optimization of the use of generation sites  
654 and generation portfolio existing within the state; (4) fuel types,  
655 diversity, availability, firmness of supply and security and  
656 environmental impacts thereof, including impacts on meeting the  
657 state's greenhouse gas emission goals; (5) reliability, peak load and  
658 energy forecasts, system contingencies and existing resource  
659 availabilities; (6) import limitations and the appropriate reliance on  
660 such imports; (7) the impact of the procurement plan on the costs of  
661 electric customers; and (8) the effects on participants and  
662 nonparticipants. Such plan shall include options for lowering the rates  
663 and cost of electricity. Such plan shall take into account the  
664 comprehensive plan to implement cost-effective energy conservation  
665 programs and market transformation initiatives developed pursuant to  
666 section 16-245m, as amended by this act. The Department of Energy  
667 and Environmental Protection shall hold a public hearing on such  
668 integrated resources plan pursuant to chapter 54. [The commissioner  
669 may approve or reject such plan with comments.] The commissioner,  
670 in consultation with the Public Utilities Regulatory Authority, shall  
671 identify any provision of the integrated resources plan that impacts  
672 rates. The authority shall hold a public hearing, pursuant to chapter 54,  
673 concerning any such provision. After such hearing, the authority shall  
674 approve or reject any such provision. The commissioner may approve  
675 or reject with comments any other provision of the integrated  
676 resources plan.

677 Sec. 19. Section 16-5 of the general statutes is repealed and the  
678 following is substituted in lieu thereof (*Effective from passage*):

679 Misconduct, material neglect of duty, incompetence in the conduct  
680 of his office or active participation in political management or  
681 campaigns by any [commissioner] director of the Public Utilities  
682 Regulatory Authority shall constitute cause for removal. Such removal  
683 shall be made only after judgment of the Superior Court rendered

684 upon written complaint of the Attorney General. The Attorney General  
 685 may file such complaint in his discretion and shall file such complaint  
 686 if so directed by the Governor. Upon the filing of such complaint, a  
 687 rule to show cause shall issue to the accused, who may make any  
 688 proper answer within such time as the court may limit and shall have  
 689 the right to be heard in his own defense and by witnesses and counsel.  
 690 The procedure upon such complaint shall be similar to that in civil  
 691 actions, but such complaint shall be privileged in order of trial and  
 692 shall be heard as soon as practicable. If, after hearing, the court finds  
 693 cause for removal, it shall render judgment to that effect, and  
 694 thereupon the office of such [commissioner] director shall become  
 695 vacant.

696       Sec. 20. (NEW) (*Effective from passage*) There is established a Division  
 697 of Adjudication within the Public Utilities Regulatory Authority. The  
 698 staff of the division shall include, but not be limited to, hearing officers  
 699 appointed pursuant to subsection (c) of section 16-2 of the general  
 700 statutes. The responsibilities of the division shall include, but not be  
 701 limited to, hearing matters assigned under said subsection and  
 702 advising the authority concerning legal issues. The authority shall  
 703 appoint such hearing officers pursuant to section 16-2 of the general  
 704 statutes, as amended by this act, and assign such other staff as are  
 705 necessary to advise the authority.

This act shall take effect as follows and shall amend the following sections:

Section 1	July 1, 2012	16-2(a)
Sec. 2	July 1, 2012	16-2(f)
Sec. 3	July 1, 2012	4-67e
Sec. 4	July 1, 2012	16-6b
Sec. 5	July 1, 2012	16-7
Sec. 6	July 1, 2012	16-245m(c)
Sec. 7	July 1, 2012	16-245m(d)
Sec. 8	July 1, 2012	16-244c(i)
Sec. 9	July 1, 2012	16-244c(l)
Sec. 10	July 1, 2012	16-245d(a)

Sec. 11	<i>July 1, 2012</i>	16-41(a)
Sec. 12	<i>July 1, 2012</i>	16-244c(c)(3)
Sec. 13	<i>July 1, 2012</i>	16-244m(a)
Sec. 14	<i>from passage</i>	New section
Sec. 15	<i>from passage</i>	New section
Sec. 16	<i>July 1, 2012</i>	16-244u
Sec. 17	<i>October 1, 2012</i>	New section
Sec. 18	<i>from passage</i>	16a-3a(d)
Sec. 19	<i>from passage</i>	16-5
Sec. 20	<i>from passage</i>	New section

***Statement of Legislative Commissioners:***

In section 16(a)(2) "or enters into a purchase power agreement with the owner of a virtual net metering facility" was inserted for consistency with section 16 (a)(6).

***ET***            ***Joint Favorable Subst.***